

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
EB-07 OMB-01 TRSE-00 AID-05 IGA-02 IO-13 LAB-04
SIL-01 /091 W
-----016134 120716Z /13

R 111724Z JUL 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 2126
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER
AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 5313

FOR USEEC

E.O. 11652: GDS
TAGS: PGOV, PINT, PO, ELAB
SUBJ: LEGISLATIVE ASSEMBLY VOTES REST ON LAST-MINUTE NEGOTIATIONS

REF: (A) LISBON 5265 (DTG 081738Z JUL 77), (B) LISBON 4415
(DTG 031640Z JUL 77)

SUMMARY: THE LEGISLATIVE ASSEMBLY MOVED INTO ITS FINAL TWO
WEEKS WITH MAJOR LEGISLATION STILL AHEAD. THE GOVERNMENT
HAS PUSHED THROUGH SEVERAL KEY MEASURES AND IS NEGOTIATING
ON THE REMAINDER OF ITS LEGISLATIVE PACKAGE. THE PSD AND
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CDS ARE DRIVING A HARD BARGAIN. THE TWO PARTIES ARE NEGOTIATING
SPEARATELY, HOWEVER, AS THE PSD-CDS "CONVERGENCE" HAS
BECOME A VIRTUAL DEAD LETTER. END SUMMARY.

1. MAKING PROGRESS: LEGISLATIVE ASSEMBLY HAS BEEN
MEETING IN LATE NIGHT SESSIONS FOR THE PAST TWO
WEEKS. TWO HECTIC WEEKS REMAIN IN THE SPECIAL LEGISLA-

TIVE SESSION CALLED TO CONSIDER THE GOVERNMENT'S KEY LEGISLATIVE MEASURES. THE GOVERNMENT HAS PUSHED THROUGH THREE MAJOR LABOR MEASURES:

-- THE LAW ON JUSTIFIED DISMISSALS: THE EXISTING GOVERNMENT DECREE LAW WAS RATIFIED WITH MINOR MODIFICATIONS ON JUNE 2, NEAR THE END OF THE REGULAR SESSION. THE SOCIALISTS VOTED IN FAVOR; THE PSD AND CDS ABSTAINED; AND THE COMMUNISTS OPPOSED.

-- THE LAW ON UNION DUES: THE LAW REGULATING COLLECTION OF UNION DUES WAS APPROVED JULY 1 OVER PCP OBJECTIONS. THE LAW PERMITS NEGOTIATIONS OF AUTOMATIC DUES CHECKOFF FOR UNION MEMBERS AND PROHIBITS "UNION SHOPS."

-- THE STRIKE LAW: THE LAW REGULATING STRIKES WAS PASSED JULY 8. THE PS VOTED IN FAVOR WHILE THE PSD, CDS, AND PCP ABSTAINED. THIS LAW WAS REVISED IN RESPONSE TO THE OBJECTIONS OF THE SOCIALIST PARLIAMENTARY GROUP TO REDUCE RESTRICTIONS ON STRIKES. THE PSD AND CDS ARGUED FOR A MORE RESTRICTIVE LAW, AND THE PS COUNTED LARGELY ON PCP COOPERATION IN COMMITTEE VOTE. THE PCP OBJECTED, NONE-THELESS, TO THE REDUCTION IN WORKERS' COMMISSION AUTHORITY TO DECLARE STRIKES.

2. MUCH WORK AHEAD: THE GOVERNMENT STILL HAS A NUMBER OF KEY MEASURES BEFORE THE ASSEMBLY. PRESIDENT EANES AND PRIME MINISTER SOARES ARE DETERMINED TO GET MOST MEASURES THROUGH BEFORE THE CONFIDENTIAL

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ASSEMBLY SESSION ENDS JULY 23. SOARES TOLD THE AMBASSADOR JULY 9 THAT NEGOTIATIONS WITH THE CDS ARE PROVING DIFFICULT AND THAT HE MIGHT HAVE TO TURN TO THE PSD. THE STATUS OF KEY LEGISLATION FOLLOWS:

-- WORKER PARTICIPATION IN MANAGEMENT: THE ASSEMBLY BEGAN DEBATE JULY 8 ON THE LAW REGULATING WORKERS' COMMISSIONS AND WORKER PARTICIPATION IN MANAGEMENT. THE SOCIALISTS AGREED TO PSD AND CDS SUGGESTIONS FOR SEVERAL AMENDMENTS TO THE MODERATE GOVERNMENT PROPOSAL. THE PATTERN FOR FUTURE ASSEMBLY VOTES WAS SET JULY 8 WHEN THE PS, PSD, AND CDS VOTED TOGETHER ON SEVERAL TECHNICAL QUESTIONS. THE LEGISLATION REGULATES THE FORMATION AND PROCEDURES OF WORKERS COMMISSIONS TO PREVENT THEIR MANIPULATION BY A MINORITY.

-- LAW ON COMPENSATION: MARIO SOARES SAID HE HAS THE VOTES TO PASS THE LAW ON COMPENSATION FOR NATIONALIZED PROPERTIES. THE CDS AND PCP HAVE OBJECTED TO THE LAW FOR OPPOSITE REASONS. THE PSD PROPOSAL DIFFERED IN ONLY MINOR RESPECTS FROM THE SOCIALIST BILL, BUT OF LATE THE SOCIAL DEMOCRATS HAVE TAKEN A TOUGHER STAND.

-- MEDIUM-TERM PLAN: DEBATE ON THE GOVERNMENT'S MEDIUM-TERM ECONOMIC PLAN BEGINS THIS WEEK. THE PSD

AND CDS OBJECT TO MANY FEATURES OF THE GOVERNMENT'S PROPOSAL. BUT NONE OF THE PARTIES BELIEVES THE PLAN WILL HAVE MUCH PRACTICAL EFFECT. SOARES SAID NEGOTIATIONS WITH THE PCP HAVE BEEN DIFFICULT.

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FOR USEEC

-- AGRARIAN REFORM LAW: THE AGRARIAN REFORM LAW WILL BE DEBATED JULY 21-23. THE COMMUNISTS HAVE TURNED THEIR HEAVY FIRE TOWARD THIS THREAT TO THEIR HEGEMONY IN THE ALENTEJO. PCP SECRETARY-GENERAL ALVARO CUNHAL VOWED JULY 9 TO PULL OUT ALL THE STOPS IN THE ASSEMBLY AND ON THE STREETS TO BLOCK PASSAGE OF THE MEASURE. AT THE SAME TIME, THE SOCIALISTS STEPPED UP THE PRESSURE TO MAINTAIN PARTY DISCIPLINE ON THE AGRARIAN REFORM VOTE. PS LEFT-WING DISSIDENT LOPES CARDOSO, HOWEVER, ON JULY 8, STATED HIS INTENTION TO VOTE AGAINST THE LEGISLATION. BETWEEN TWO AND TEN SOCIALIST DEPUTIES ARE EXPECTED TO FOLLOW HIS
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EXAMPLE. THE PS CAN EXPEL THOSE DEPUTIES VIOLATING PARTY DISCIPLINE, BUT CANNOT FORCE THE DISSIDENTS OUT OF THE ASSEMBLY UNDER LEGISLATIVE RULES. THE CDS IS LEANING TOWARD A VOTE AGAINST THE PROPOSAL IN RESPONSE TO CRITICISM FROM THE PORTUGUESE CONFEDERATION OF FARMERS AND OTHER CONSERVATIVE GROUPS. THE SOCIAL DEMOCRATS BELIEVE THAT THE PROPOSED LEGISLATION IS A DRAMATIC IMPROVEMENT OVER CURRENT LEGISLATION. THEY ARE ANXIOUS, HOWEVER, TO GET A HIGH RETURN FOR THEIR POTENTIALLY CRUCIAL VOTE.

3. COMMENT: THE LEGISLATIVE SITUATION IS FLUID; THE PS IS DEALING WITH ALL THE PARTIES ON VITAL LEGISLATION. THE SHAPE OF GOVERNMENT PROPOSALS MAKES PSD OR CDS BACKING PROBABLE THAN COMMUNIST SUPPORT. THESE PARTIES, HOWEVER, WILL PUSH FOR MAJOR CONCESSIONS ON THE SHAPE OF LEGISLATION AND FOR A SOLID AGREEMENT FOR LONGER TERM COOPERATION. NONETHELESS, THE PSD AND CDS WILL BE MORE RELUCTANT TO VOTE TOGETHER WITH THE COMMUNISTS TO DEFEAT KEY ECONOMIC LEGISLATION THAN THEY WERE TO DEFEAT TWO MINOR PROPOSALS LAST WEEK (REF A). THE SOCIAL DEMOCRATS AND CENTER DEMOCRATS ARE NEGOTIATING SEPARATELY WITH THE SOCIALISTS. THE PSD-CDS "CONVERGENCE" AS A FIRM ALLIANCE HAS BECOME VIRTUALLY A DEAD LETTER.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, NEGOTIATIONS, CENTRAL LEGISLATURE, LEGISLATIVE BILLS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LISBON05313
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770246-1283
Format: TEL
From: LISBON
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770771/aaaacket.tel
Line Count: 200
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: ba29f96d-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 LISBON 5265, 77 LISBON 4415
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 13-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1905805
Secure: OPEN
Status: NATIVE
Subject: LEGISLATIVE ASSEMBLY VOTES REST ON LAST-MINUTE NEGOTIATIONS
TAGS: PGOV, PINT, ELAB, PO
To: STATE USEEC
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ba29f96d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009